Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: Robert Mudge

Title: President Verizon MA

REQUEST: Attorney General, Set 4

DATED: October 3, 2001

ITEM: AG-VZ 4-1

Please refer to page 11 of Mr. Mudge's rebuttal testimony, wherein he states, "[i]n Charlestown, for example, RCN has entered into an exclusive agreement with the developer of a new condominium complex. In that case, Verizon MA was excluded from serving customers because the carrier and property owner entered into an exclusive agreement to serve customers in the condominium."

- a. In the referenced example, did Verizon MA seek to enter into an interconnection agreement with RCN so as to enable it to serve those customers? If not, why not?
- b. Since the Charlestown situation is listed as an "example," please provide a list of all other instances in Massachusetts over the past two years in which such "exclusive agreements" between carriers other than Verizon MA and property owners resulted in the inability of Verizon MA to serve those customers, indicating the location of the instance and the CLEC involved.
- c. In each such instance, indicate whether or not Verizon MA sought to enter into an interconnection agreement with the CLEC in question. If no interconnection agreement was pursued, indicate the reason for the inaction.

REPLY:

- a. No. Verizon MA's policy is to serve its customers using its own local facilities.
- b. Verizon MA does not know of every instance where a property owner may have entered into an agreement with another carrier to provide services within a building or development. Some further examples, however, are:

REPLY: AG-VZ 4-1 (cont'd)

- ?? A condominium development near Fort Point Channel in South Boston
- ?? An office building on Beacon Street, Boston
- ?? A mixed use residential / commercial building near Copley Square, Boston
- ?? A residential building in the North End, Boston
- ?? A condominium development in Waltham
- ?? A residential development in Scituate
- c. Please see part (a).

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: Robert Mudge

Title: President Verizon MA

REQUEST: Attorney General, Set 4

DATED: October 3, 2001

ITEM: AG-VZ 4-2 Please refer to page 14 of Mr. Mudge's rebuttal testimony, where

[sic] quotes an AT&T Group Earnings Commentary of July 23,

2001.

a. Please provide a copy of the document from which this quote

came.

b. Does Mr. Mudge claim that AT&T contends that "nearly

300,000 lines [have been] added year to date" *in Massachusetts*? If not, how many AT&T lines does Mr. Mudge believe have

been added in Massachusetts in the past year?

REPLY: a. Please see the attached document.

b. No, Verizon MA does not claim that AT&T contends that the

300,000 lines AT&T added to its network were all in Massachusetts. Verizon MA does not regularly track CLEC

specific in-service data. However, from January to May 2001, Verizon MA estimates that CLEC-served lines increased by

about 113,000 in Massachusetts.

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: William Taylor

Title: Senior Vice President, NERA

REQUEST: Attorney General, Set 4

DATED: October 3, 2001

ITEM: AG-VZ 4-5 Please provide a copy of the Criterion Economics LLC document

referenced on page 13, footnote 19, of William E. Taylor's rebuttal testimony entitled, "An Assessment of the Competitive Local

Exchange Carriers Five Years After the Passage of the

Telecommunications Act."

REPLY: Please see the attached.

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: William Taylor

Title: Senior Vice President, NERA

REQUEST: Attorney General, Set 4

DATED: October 3, 2001

ITEM: AG-VZ 4-6 Please refer to page 13 of William E. Taylor's rebuttal testimony.

Please provide the number of access lines (business and residential separately) served by AOL Time Warner, McLeod USA, Allegiance Telecom and XO Communications *in Massachusetts*. If available, please also indicate the manner in which these access lines are

provided (resale, UNE/UNE-P, or facilities-based).

REPLY: Dr. Taylor reported upon the relative success of these companies in

response to Dr. Ankum's assertion regarding the "serious financial setbacks" experienced by CLECs and Dr. Selwyn's assertion that a drop in CLEC's stock price adversely impacts their ability to compete in Massachusetts. The number of Massachusetts access

lines served by these companies is not dispositive evidence on either of these points. More informative would be the change in access lines served by these companies over the past two years. That

information is not available for Massachusetts alone.

The number of access lines is the confidential and proprietary information of the CLECs that may not be disclosed by Verizon MA without the CLECs' authorization. In light of the Hearing Officer's discovery ruling of September 14, 2001, the information is being provided to the Department and to those parties that execute a

mutually acceptable protective agreement.

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: William Taylor

Title: Senior Vice President, NERA

REQUEST: Attorney General, Set 4

DATED: October 3, 2001

ITEM: AG-VZ 4-7 Please provide a copy of the document entitled "CLEC Shopping"

Days?" which is quoted on page 18, footnote 37, of William E.

Taylor's rebuttal testimony.

REPLY: Please see the attached.

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: William Taylor

Title: Senior Vice President, NERA

REQUEST: Attorney General, Set 4

DATED: October 3, 2001

ITEM: AG-VZ 4-8 Please refer to the direct testimony of William E. Taylor, page 4, line

12, where he states: "...entry into Massachusetts' retail

telecommunications markets is comparatively easy," and to page 16,

footnote 27, of the rebuttal testimony of Dr. Taylor. Is it Dr. Taylor's contention that the investment of \$55-billion in

infrastructure by CLECs is indicative of "easy" entry into retail

telecommunications markets?

REPLY: Dr. Taylor's direct testimony reference to the ease of entry in

Massachusetts telecom markets summarized the effect of Congress' implementation of the 1996 Telecommunications Act, the resultant elimination of economic barriers to entry and the Department's approved incremental cost-based UNE prices and avoided cost resale discount. The point made was that these events result in a dramatic

reduction in the cost of entry for a CLEC.

The \$55 billion figure in footnote 27 of Dr. Taylor's testimony refers to expenditures "in infrastructure nationally between 1997 and 2000" and that information is presented in support of his testimony regarding the permanency of competition in telecommunications markets. That expenditure is a clear indication that CLECs have found entry conditions sufficiently attractive that they are willing to commit substantial investment to establish themselves in the market.

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: William Taylor

Title: Senior Vice President, NERA

REQUEST: Attorney General, Set 4

DATED: October 3, 2001

REPLY:

ITEM: AG-VZ 4-9 Please refer to the rebuttal testimony of William E. Taylor, page 21,

lines 6-7, whe rein Dr. Taylor states "assuming that revenue on each Verizon MA line is 30 percent less and that revenue on each CLEC line is 30 percent more than the average revenue of all lines"

- a. Has the witness performed or caused to be performed an analysis as to the actual current relationship between the percentage difference in revenue for Verizon MA lines as compared to the average revenue of all lines? If so, please identify the actual calculation and provide the supporting study.
- b. Has the witness performed or caused to be performed an analysis as to the actual current relationship between the percentage difference in revenue for Massachusetts CLEC lines as compared to the average revenue of all lines? If so, please identify the actual calculation and provide the supporting study.

a. No. As stated in Dr. Taylor's testimony, this calculation was an example to show that the result of Dr. Selwyn's "simple numerical example" about the effect of a 5 percent loss of lines to competition was misleading. In part, Dr. Selwyn's example was misleading because it assumed that the per-line revenue from lines served by CLECs is the same as the per-line revenue from lines served by Verizon MA. Dr. Taylor recalculated Dr. Selwyn's example and used the 30 percent revenue difference factor to show how Dr. Selwyn understated the loss.

If Dr. Taylor had used a different assumption, for instance a 15

REPLY: AG-VZ 4-9

(cont'd)

percent revenue difference, then Dr. Selwyn's result (i.e., 98.75%) would be changed to 85.06% rather than the 71.38% obtained when a 30 percent factor is used.

b. See answer to part a.

VZ# 124

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: William Taylor

Title: Senior Vice President, NERA

REQUEST: Attorney General, Set 4

DATED: October 3, 2001

ITEM: AG-VZ 4-10 Please refer to the rebuttal testimony of William E. Taylor, page 21,

lines 16-19, wherein Dr. Taylor states that he relies upon assumptions that "resold to UNE/UNE-P lines lost are in a 60/40 relationship and that the cost of a UNE/UNE-P is 80 percent below

Verizon MA's retail price"

a. Has the witness performed or caused to be performed an analysis as to the actual current relationship between the number of lines lost to CLECs via resale versus the number of lines lost to CLECs via UNE/UNE-P? If so, please identify the relationship and provide the supporting study.

b. Has the witness performed or caused to be performed an analysis as to the actual current relationship between Verizon MA's retail price and the cost of a UNE/UNE-P, as referenced in the testimony? If so, please identify the relationship and provide the supporting study. If no such study has been conducted, please identify the specific wholesale and retail rate elements upon which the quoted statement is based. If no such study has been conducted, please identify the specific wholesale and retail rate elements that Dr. Taylor envisions would be included in such an analysis that would permit an analyst to calculate the actual current percentage of the retail price that the UNE/UNE-P costs represent (i.e., the 80% figure assumed in Dr. Taylor's testimony).

REPLY:

a. Dr. Taylor developed the 60/40 split based on data concerning resale and UNE/UNE-P lines in Dr. Selwyn's testimony. Dr.

REPLY: AG-VZ 4-10 (cont'd)

Selwyn reported total residence and business resale lines (at p. 37) and UNE/UNE-P lines (at p. 38). The exact ratio using Dr. Selwyn's data is 61.2/38.8. For the purpose of his illustrative calculation, Dr. Taylor rounded the result to 60/40.

b. No. As discussed in the Company's response to AG 4-9a, Dr. Taylor's testimony presented an example to show that the result of Dr. Selwyn's "simple numerical example" was misleading. In this case, Dr. Selwyn failed to account for the difference between the revenue loss (he assumed it was 25%) from resale lines and the revenue loss from UNE/UNE-P competition. For purposes of his example, Dr. Taylor assumed that when Verizon MA provided a UNE/UNE-P it received only 20 percent (i.e., 80% less) of the revenue it would receive if those services were provided at retail prices. If Dr. Taylor had assumed that Verizon MA receives 70 percent of the revenue it could receive if those services were provided at retail rates (i.e., 30% less), his result would have been a 71 percent revenue share versus the 70 percent his example showed.

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: William Taylor

Title: Senior Vice President, NERA

Respondent: Robert Mudge

Title: President Verizon MA

REQUEST: Attorney General, Set 4

DATED: October 3, 2001

ITEM: AG-VZ 4-11 Please refer to Verizon's response in AG-VZ-1-8(a) and

AG-VZ-2-2(e).

a. Please give the edition number, page number, and paragraph reference in the CLEC 2001 Study for each RCN reference described in Verizon MA's response to AG-VZ-1-8(a). Please note that this is our second request for this information.

b. Please provide copies of the pages referenced above.

REPLY:

a. The RCN references can be found in the 14th edition of the CLEC Report 2001 produced by the New Paradigm Resources Group, Inc. The requested data can be found in either the 15 page "Company Snapshot" in Chapter 13 devoted to RCN or on page 1 of 5 in Chapter 2.

Specific references include the following.

- ?? "Single source provider of residential services" can be found on page 1 of 5 in Chapter 2.
- ?? "Has more than 32,000 miles of fiber cable in place" can be found on page 1 of 15 in the Company Snapshot. In the response to AG 1-8, the Company mis-stated the number of fiber miles in-place. Per the CLEC Report 2001, there are actually 450,000 miles of fiber in-place, not 32,000.
- ?? "Has a Lucent 5ESS switch in Boston" is shown on page 10 of 15 in the Company Snapshot.
- ?? "Has entered a joint venture with Boston Edison" is on page 3 of 15 in the Company Snapshot.

REPLY: AG-VZ 4-11 (cont'd)

- ?? "Serves the residence market in Allston, Belmont, Boston, Brookline, Brighton, Burlington, Dedham, Framingham, Hyde Park, Lexington, Needham, Newton, Norwood, Quincy, Randolph, Somerville, Wakefield, Waltham, Watertown, and Woburn" is shown on pages 10 and 11 of 15 in the Company Snapshot.
- b. As stated in the response to AG-VZ-2-2(e), the information requested is protected by copyright laws. It cannot be duplicated but will be made available for inspection at Verizon MA's offices at a mutually convenient time.

VZ# 126

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: Robert Mudge

Title: President Verizon MA

REQUEST: AT&T Communications of New England, Set 2

DATED: October 3, 2001

Referring to page 3, lines 3-5, of Robert Mudge's rebuttal testimony, Mr. Mudge states: "The information used to compile the central office profiles is from Verizon MA's internal sources, the E-911 database, Competitive Local Exchange Carrier ("CLEC") tariffs, and

their individual web sites."

- (a.) Please provide a detailed description of Verizon's "internal sources" used to compile the central office profiles. Please state how Verizon developed these "internal sources" and what steps Verizon has taken to ensure the accuracy of the data obtained from these "internal sources." Please indicate the specific part(s) and specific data of the "Massachusetts Competitive Profile" which rely upon and use information from these "internal sources." Please cite to and provide copies of all documentation that support your answer.
- (b) Please provide the method by which Verizon uses the E-911 database to compute the number of business lines provided by a CLEC using a facility-based CLEC switch. Please indicate the specific part(s) and specific data of the "Massachusetts Competitive Profile" which rely upon and use information from the E-911 database. Please cite to and provide copies of all documentation that support your answer.
- (c) Please provide copies of the Competitive Local Exchange Carrier tariffs upon which Verizon relied to compile the central office profiles. Please indicate the specific part(s) and specific data of the "Massachusetts Competitive Profile" which rely upon and use information from the Competitive Local Exchange Carrier tariffs.

ITEM: ATT-VZ 2-1 (cont'd)

(d) Please provide a list of the CLEC web sites which Verizon reviewed in compiling the central office profiles. Please describe the steps Verizon has taken to ensure the accuracy of the data found on the web sites. Please indicate the specific part(s) and specific data of the "Massachusetts Competitive Profile" which rely upon and use information from the CLEC web sites.

REPLY:

(a & b) Retail Lines:

Access line volumes were extracted from Verizon MA's access line database for each central office. This database contains access lines for retail categories of service regardless of whether the service provider is Verizon MA or a Reseller. The categories of lines included in these counts include the following:

- i. Residence Primary, Non-Primary, ISDN-BRI
- Business Basic, Centrex, PBX (including DID and DOD), Flexpath, ISDN-PRI, ISDN-BRI, WATS (including inward and outward), Public Access Lines (Payphone) and Feature Group A Trunks

Access lines were summarized to either the residence or business level for each central office. Because the access line database does not differentiate between retail and resale, the total volumes were adjusted to remove lines associated with resale. The remaining lines are the end-user lines for which Verizon MA is the service provider.

Resale Lines:

Resale data was obtained from resale billing records. Resale access lines were collected for the following data categories: NPA, NXX, Wire Center (Central Office), Carrier ID, Carrier Name, Class of Service Identifier, Class of Service. Data was summarized to residence and business categories for each central office. These volumes include all of the access lines categories described above that were used in the retail line development.

UNE-Platforms:

UNE-Platforms were also obtained from the access line database for each central office. The data was gathered at the CLEC level for both residence and business categories.

REPLY: ATT-VZ 2-1 (cont'd)

Facility Based Access Lines:

Facility based access lines were derived from the number of listings that CLECs have loaded into the E911 database. This approach for measuring facility based competition is conservative. As its name indicates, the E-911 database contains end-user specific information for use by emergency response providers. Using E911 listings as a surrogate for facility based competition indicates that the measure will count only those lines viable for emergency contact purposes (i.e. voice lines). Loading the information into the database is the responsibility of the provider performing the switching function on the line. The profile assumes CLECs load the same type of end-user access lines into the database as Verizon MA. This assumption may understate the percentage of CLEC lines compared to Verizon MA lines, however, because CLECs are not required to include Inward Only services as this type of facility cannot access E-911 services. In contrast, Inward Only services are included in the Verizon MA count of its retail lines. In addition, CLECs should not include Special Access lines, unless the service provides dial tone. In that case, the listings and associated numbers would be appropriately included in the line count. CLECs are responsible for including all appropriate listings in accordance with any state or federal guidelines for emergency access.

To develop the competitive profile, data was extracted from the E-911 database for the following categories.

- a. NPA Area Code
- b. NXX the first three positions of the Calling Number field (defined above)
- c. Class of Service (e.g. Residence, Business, Residence PBX, Business PBX, Centrex, Coin, Mobile, Residence Off-Premise, Business Off-Premise)
- d. Company ID Carrier code assigned by NENA (National Emergency Number Association) prior to transmitting records to the E-911 database

The number of listings associated with each carrier was summarized and NPA and NXX information was used to map the data to an associated wire center.

The databases used in collecting this data are used in the normal course of Verizon MA's business and, to the best of our

REPLY: ATT-VZ 2-1 (cont'd)

knowledge, are accurate. Verizon MA did not take any extraordinary measures, outside the normal course of business, to verify the accuracy of the databases. In the case of E-911, the CLECs are responsible for inputting and verifying the accuracy of their data. Also, please see the Company's response to AG-VZ 2-5 and AT&T-VZ 1-2 and the Introduction section of the Massachusetts Competitive Profile.

c. The competitors' tariffs were filed with the Department on August 6, 2001 in response to AG-VZ 2-19. Due to the voluminous nature of the documents, the Company provided a copy only to the Department and the Attorney General. A copy is available for inspection by other parties at the Company's offices at 125 High Street, Boston, Massachusetts, at a mutually agreeable time.

Section B of the profile contains a 2-part assemblage of data that portrays the central office profile. It is the 2nd part, referred to as the Service Provider Matrix, that uses information from the competitors' tariffs to reflect the data shown. Also, the summary provided in Section C of the profile reflects information obtained from the competitors' tariffs in addition to their individual Internet web sites.

d. An internet address is provided for those CLECs in which a web address is available, on the individual summary pages in Section C of the profile. Section C of the profile was compiled using source data obtained primarily from the competitors' tariffs, cross-referencing information provided on their individual web sites.

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: Robert Mudge

Title: President Verizon MA

REQUEST: AT&T Communications of New England, Set 2

DATED: October 3, 2001

ITEM: ATT-VZ 2-2 Please state whether Verizon has verified that each carrier listed in

the "Massachusetts Competitive Profile" actually provides service to the wire centers listed for that carrier. If so, please explain Verizon's

verification procedure and provide any and all documentation

concerning such verification.

REPLY: For resale and UNE-P services, Company systems demonstrate that

such services are being provisioned and that the relevant CLECs are being billed. For facility based CLEC Switch lines, the Company relied on the accuracy of (and did not verify) CLEC provided and

maintained listings from the E911 Database, as CLECs are

responsible for including all appropriate listings in accordance with

state or federal guidelines for emergency access.

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: Robert Mudge

Title: President Verizon MA

REQUEST: AT&T Communications of New England, Set 2

DATED: October 3, 2001

ITEM: ATT-VZ 2-4 With respect to each CLEC line served pursuant to a UNE-P

arrangement in Verizon's "Massachusetts Competitive Profile", please state how Verizon determines whether the service offered by the CLEC is business or residential service. Please explain your answer and cite to and provide copies of all documentation that

support your answer.

REPLY: Verizon MA determined whether UNE-P services were for

residential or business customers based on the class of service associated with the UNE-P service. When ordering UNE-P services, CLECs are responsible for indicating on the Local Service Request (LSR) the appropriate class of service USOC (Universal Service Order Code). Attached is a section from the Verizon CLEC

handbook that addresses UNE-P services. Verizon's CLEC

handbooks can be found on the Internet at:

http://www22.verizon.com/wholesale/lsp/bridge/0,2631,4-lib,FF.html#handbooks

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: Robert Mudge

Title: President Verizon MA

REQUEST: AT&T Communications of New England, Set 2

DATED: October 3, 2001

ITEM: ATT-VZ 2-5 With respect to each "Facility Based CLEC Switch" line in

Verizon's "Massachusetts Competitive Profile", please state how Verizon determines whether the service offered by the CLEC is business or residential service. Please explain your answer and cite to and provide copies of all documentation that support your answer.

REPLY: Verizon MA determined whether services offered by CLECs through

their own switches were business or residence services based on the class of service associated with the listings. When entering listings into the E911 database, CLECs are responsible for indicating the appropriate class of service on the listing record. Please see the VERIZON REGIONAL E911 PS/ALLI GUIDE which can be found

on the Internet at:

http://128.11.40.241/east/wholesale/customer_docs/master.htm

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: Robert Mudge

Title: President Verizon MA

REQUEST: AT&T Communications of New England, Set 2

DATED: October 3, 2001

ITEM: ATT-VZ 2-6 Please provide an explanation as to why the January 2001 data in the

"Massachusetts Competitive Profile" does not include facility-based CLEC lines. Please provide such data in response to this information

request.

REPLY: Please see the Rebuttal Testimony of Robert Mudge, dated

September 21, 2001, page 3, footnote 1.

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: Robert Mudge

Title: President Verizon MA

REQUEST: AT&T Communications of New England, Set 2

DATED: October 3, 2001

ITEM: ATT-VZ 2-7 Please provide the total number of entries for business lines listed in

the E-911 database, as of January 2001 and May 2001, respectively.

REPLY: Please see the Company's reply to DTE-VZ 2-11 and the

Massachusetts Competitive Profile - Section A.

E-911 listings for business services:

January 2001: 411,700 May 2001: 503,200

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: Robert Mudge

Title: President Verizon MA

REQUEST: AT&T Communications of New England, Set 2

DATED: October 3, 2001

ITEM: ATT-VZ 2-8 Pursuant to a mutually agreeable protective agreement, please

provide all phone numbers, by wire center, that Verizon contends represent AT&T customers. All documents provided in response to this information request should be filed with the Department under

seal.

REPLY: Verizon MA does not have a list of all AT&T telephone numbers for

May. The data used to assemble the Massachusetts Competitive Profile exists in summary form only and does not include a record of

each individual telephone number.

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: Robert Mudge

Title: President Verizon MA

REQUEST: AT&T Communications of New England, Set 2

DATED: October 3, 2001

ITEM: ATT-VZ 2-9 Referring to page 5, line 12, of Robert Mudge's rebuttal testimony,

Mr. Mudge states: "there are over 60 CLECs providing service to customers in Massachusetts." Please provide the basis for this number and cite to and provide copies of all documentation that

support your answer.

REPLY: The Massachusetts Competitive Profile shows more than 60

individual CLECs providing Resold, UNE-P, or CLEC Switched services in Massachusetts. In arriving at this number, certain telephone companies that have merged with others were counted only once. For example, AT&T Local, TCG, AT&T Broadband and ACC were counted as one provider, not four. Also, although a CLEC may offer all three types of services (Resold, UNE-P, and

CLEC Switched), it was counted only once.